



Alaska Airlines State of Air Travel

August 2020 – Idaho Intrastate
Commercial Air Service Committee

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✈ State of the Airline Industry

US Airline domestic passenger
volumes have fallen

72 %

YOY in the week ending Aug 4.

A4A carriers are averaging

57

passengers per
domestic flight.

U.S. Airline international passenger
volumes have fallen

89 %

YOY in the week ending Aug 4.

Net booked revenues have fallen

89 %

YOY week ending Aug 4.

U.S. carriers collectively burning

\$ 6_B

each month.

U.S. airlines have grounded more
than

2000

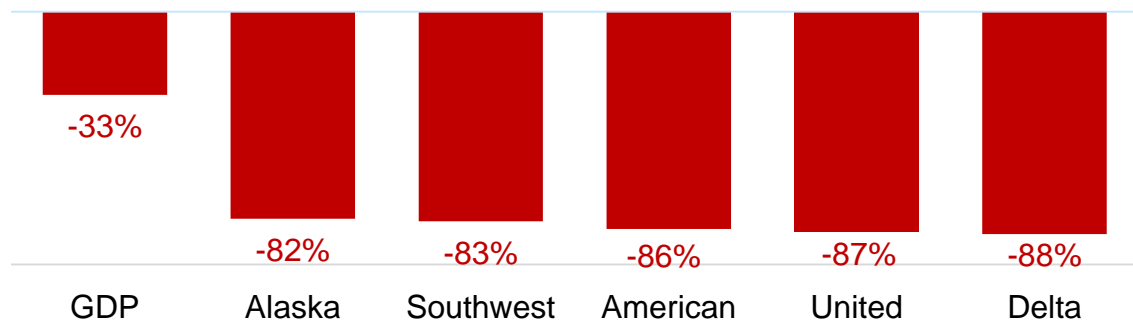
aircraft (37% of the year-end
2019 fleet).

Source: Airlines for America

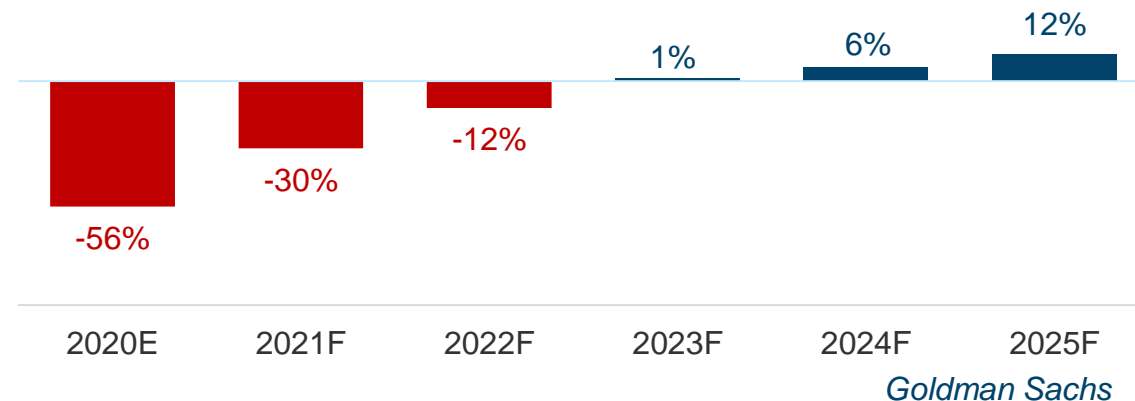


COVID's economic impacts have hit airlines hard.

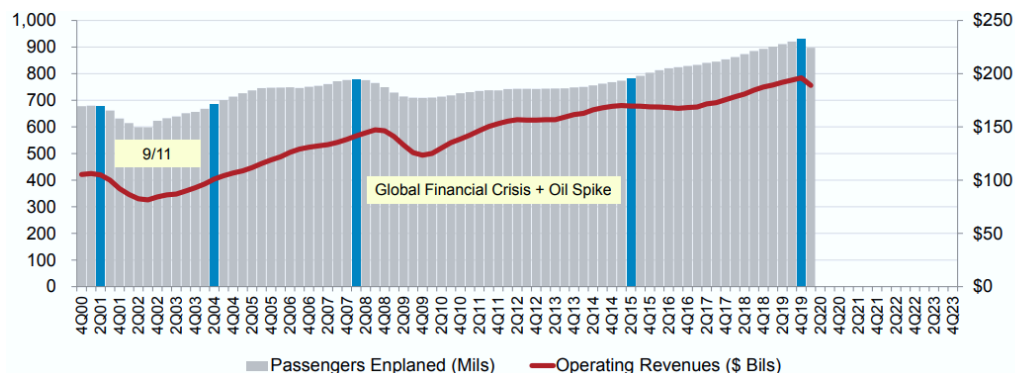
U.S. airline revenue dropped 2.5x more than GDP fell in Q2 2020, year over year.



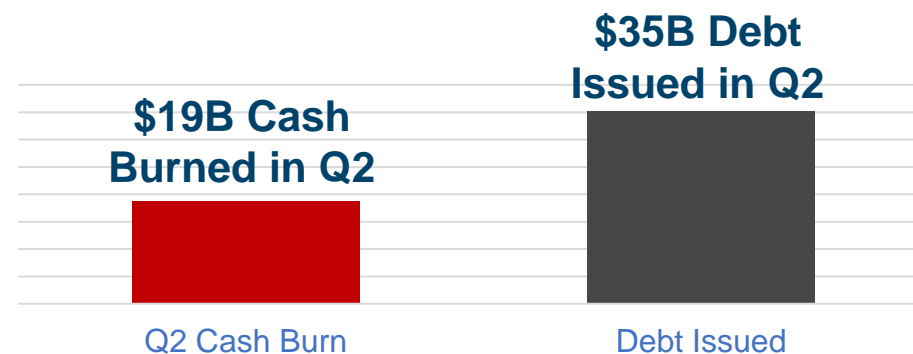
Passengers likely won't return to 2019 levels for at least 3 years.



After 9/11 and Global Financial Crisis, it took years for passengers and revenue to return.

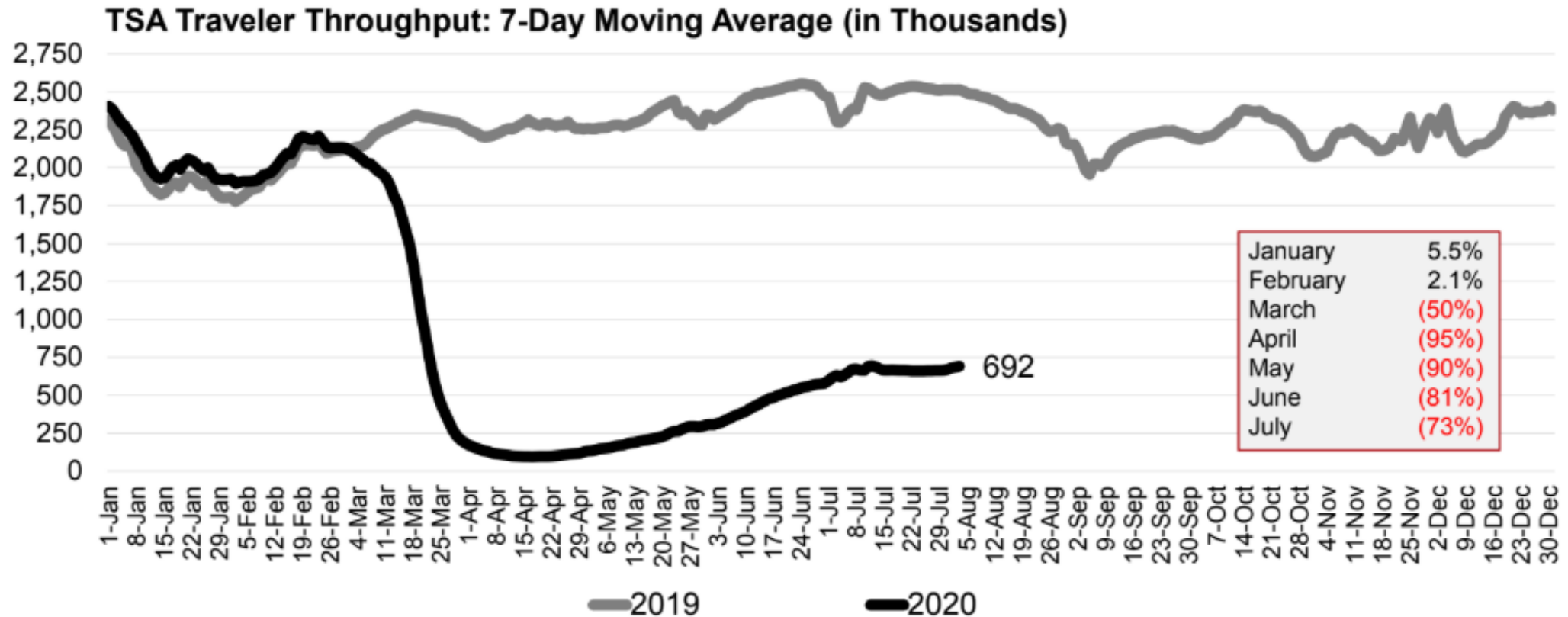


Industry will be burdened with debt for years, slowing growth even after COVID recovery.



✈ TSA Statistics – Aug. 5, 2020

TSA Checkpoint Traveler Throughput* Down 72 Percent Year Over Year
Daily Average Bottomed Out at 95K in April 11-17



Source: Transportation Security Administration

* U.S. and foreign carrier customers traversing TSA checkpoints; 2019 is year-ago same weekday



Passengers started to return in Q2, but we've seen a plateau amid a COVID resurgence. Net new bookings have fallen.

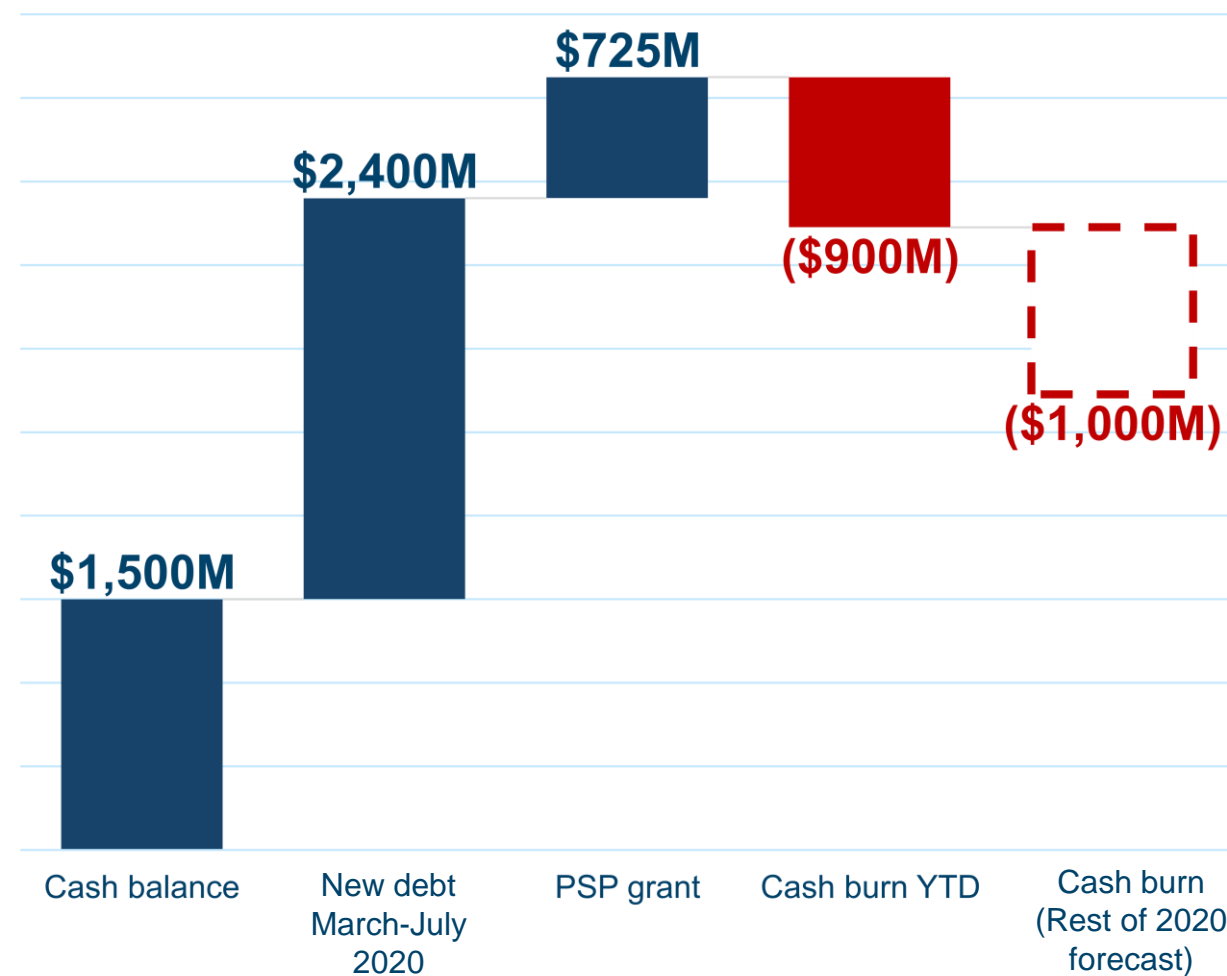




At Alaska, we've taken on debt to increase liquidity.

2020 liquidity and cash burn

- Airline industry debt is projected to increase 50% from end of 2019 to end of 2020. (A4A)
- Alaska's total debt is \$3.8B today, compared to \$1.5B at end of 2019.





For business planning, we are looking ahead to Q4 and 2021+.
Four factors for return to travel.



Travel Restrictions

- Shelter-in-place
- Travel bans
- 14-day quarantine



Struggling Economy

- Increasing unemployment
- Business impacts



Travel Concerns

- Fear
- Postponing planned travel



Reasons for Travel

- Changed behavior
- Video conferencing
- Less discretionary income



In the COVID era, we want to be leaders with the safety and health of our guests and employees.



Alaska
AIRLINES

NEXT-LEVEL
CARE

Next-Level Care is comprised of **nearly 100 actions and layered safety measures** designed to reduce risk and keep our guests and employees healthy and safe while traveling with us.

ENHANCED CLEANING & SANITIZERS



Enhanced cleaning between flights.

Starting in July, individual hand-sanitizer wipes will also be available on board.

At our airports, we're rolling out additional hand-sanitizing stations in check-in lobbies and gate areas.



Electrostatic disinfectant sprayers are used to sanitize surfaces like overhead bins, armrests, tray tables, seatbelts, lavatories.

HOSPITAL- GRADE FILTRATION



Aircraft are equipped with HEPA filters—the same kind found in hospital operating rooms.



The air flows from the ceiling to the floor and creates completely new air in the cabin every 2 to 3 minutes.



Want more filtered air? Open your vent. That air is filtered for your seat only.

FACE COVERING REQUIREMENT



Face masks are required for all guests 12 and over and employees. While face coverings are not required for guests under 12, they are recommended for children 2 and older.



Face covering must cover your nose and mouth and should only be removed when eating or drinking. If you don't comply, you'll get a warning.

PHYSICAL DISTANCING & SERVICE



Our food and beverage service on board has been reduced to limit interaction.



To allow for physical distancing, airport spaces and boarding procedures have been updated.



Through September 30, 2020, we're limiting the number of guests on our flights and blocking seats.

✈️ Alaska Airlines in Idaho

- Alaska and Horizon Air have served Idaho since 1982.
- ~740 Alaska and Horizon Air employees live in Idaho.
- Boise reservations center in operation since 2001, with ~400 employees.
- At Alaska Airlines, we operated network wide at 80% reduced capacity from our pre-COVID-19 levels this spring.
- YoY passenger traffic to/from Idaho is down more than 50%.
- We have incrementally increased a number of flights systemwide over the course of the summer.
- Recently started new non-stop service between BOI and LAX in March.





We are committed to our communities

We are giving back in new ways:

- ***Donating resources*** like unused fresh and packaged food to local food banks, and retired entertainment tablets to people in recovery centers, etc. Alaska Airlines launched the [#MillionMealsChallenge](#) to continue to help feed families during this crisis. Alaska Airlines, together with our Foundation, has donated over 1 million meals, but we hope to double our impact.
- ***Transporting critical cargo***, including needed medication, masks and other protective equipment, to medical facilities and first responders and testing passenger aircraft to fly critical cargo.





NEXT-LEVEL CARE

We've thought through every single touchpoint of your travels—from booking to boarding, and beyond—and implemented nearly 100 ways to keep you safe every time you fly with us.

